

ORDINANCE NO. 2022-14
An Ordinance amending Chapter 10 of the City Code by adding Section 1045.047,
regarding third party gift card procurement

The City of Minnetonka Ordains:

Section 1. The Minnetonka City Code is amended by adding Section 1045.047 to read as follows

1045.047 Third party gift card procurement

1. Preamble. The fraudulent procurement of third party gift cards at retail establishments in the city has become a widespread problem. These incidents affect numerous victims and require considerable law enforcement resources to investigate. By adopting these provisions, the City Council desires to protect the health, safety, and welfare of all persons living in the city, visiting the city, and operating businesses within the city by deterring the fraudulent procurement of third party gift cards at retail establishments and conserving the limited amount of local law enforcement agencies' time, energy, and resources.

2. Findings. The Minnetonka City Council makes the following findings:

a. There has been a substantial increase in the fraudulent procurement of third party gift cards at retail establishments within the city. Third party gift cards are oftentimes purchased by individuals using cloned or stolen financial transaction cards, counterfeit checks, or using other fraudulent means.

b. Due to the complex nature of cases involving fraudulent third party gift card procurement, local law enforcement agencies have exerted a significant amount of time and energy into investigating these cases. These investigations are particularly time-consuming and involve numerous victims, resulting in a strain on limited law enforcement resources.

c. Requiring retail establishments to verify identification at the point of sale is an effective way to deter criminal behavior.

3 Definitions. For the purposes of this section, the following terms have the meanings given:

a. "Cardholder" means a person in whose name a card is issued.

b. "Financial transaction card" means any instrument or device, whether known as a credit card, credit plate, charge plate, courtesy card, bank services card, banking card, check guarantee card, or by any other name, issued with or without fee by an issuer for the use of the cardholder in obtaining credit, money, goods, services, public assistance benefits, or anything else of value, and includes the account or identification number or symbol of a financial transaction card. A financial transaction card does not include electronic payments made through the use of a mobile application.

c. "Issuer" means a person, firm, or governmental agency, or duly authorized agent or designee that issues a financial transaction card.

d. "Retail establishment" means a physical place of business in which consumer merchandise is sold to the general public.

e. "Person" means an individual, partnership, limited partnership, limited liability company, corporation, or other legal entity.

f. "Proof of Identification" means a driver's license, Minnesota identification card, tribal identification card or other identification document issued for identification purposes by any state, federal, or foreign government if the document includes the person's photograph, full name, birth date, and signature.

g. "Sell" means to transfer to another in exchange for monetary consideration through the use of a financial transaction card.

h. "Third party gift card" means a reloadable or non-reloadable prepaid card sold at retail establishments and used to make purchases via either the American Express, MasterCard, or Visa networks, for which the value is decreased upon each purchase.

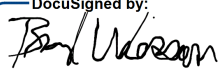
4. Identification verification required. Any person who sells a third party gift card to an individual on behalf of a retail establishment, including an agent, employee, or other representative of the retail establishment, shall require that the individual purchasing the third party gift card display proof of identification and shall verify that said proof of identification matches the individual's name displayed on the financial transaction card used for payment.

5. Self-checkout. It is unlawful for a retail establishment to allow the purchase of third party gift cards at self-checkout kiosks where customers themselves scan merchandise and pay without an employee of the retail establishment present to verify identification.

6. Enforcement and penalties. This section is subject to the enforcement methods and penalties provided in chapter 13 of the Minnetonka City Code. The owner or agent of a business who willfully violates this chapter by failing to establish compliance procedures or failing to provide periodic employee compliance training is guilty of a misdemeanor offense. A store employee who fails to request identification is subject to a civil penalty only; except, an employee who intentionally aids or abets another in purchasing a third party gift card with a stolen financial transaction card is guilty of a misdemeanor.

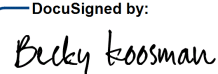
Section 2. This ordinance is effective 90 days after publication.

Adopted by the city council of the City of Minnetonka, Minnesota, on Oct. 3, 2022.

DocuSigned by:

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Brad Wiersum, Mayor

ATTEST:

DocuSigned by:

C8FF609054C54E1...

Becky Koosman, City Clerk

ACTION ON THIS ORDINANCE:

Date of introduction: Aug. 22, 2022
Date of adoption: Oct. 3, 2022
Motion for adoption: Calvert
Seconded by: Schaeppi
Voted in favor of: Calvert, Schaeppi, Coakley, Kirk, Schack, Wiersum
Voted against: Wilburn
Abstained: None
Absent: None
Ordinance adopted.

Date of publication: Oct. 20, 2022

CERTIFIED COPY:

I certify that the foregoing is a correct copy of an ordinance adopted by the city council of the City of Minnetonka, Minnesota, at a meeting held on Oct. 3, 2022._____.

Becky Koosman, City Clerk

Date: _____